

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

SB 130 – HB 181

April 6, 2015

SUMMARY OF ORIGINAL BILL: Changes the annual filing date, from no later than March 15 of each year to no later than February 1 of each year, for each municipality required to report to the Transportation Committee of the House of Representatives and the Transportation and Safety Committee of the Senate concerning their participation in the pilot program that allows golf carts to be used on public highways.

FISCAL IMPACT OF ORIGINAL BILL:

NOT SIGNIFICANT

SUMMARY OF AMENDMENT (005567): Deletes all language after the enacting clause.

Sections 1 and 2 create a new specialty earmarked license plate for Historic Collierville.

Sections 3 and 4 create a new specialty earmarked license plate for the Multiple Sclerosis Foundation, Inc.

Sections 5 and 6 create a new specialty earmarked license plate for Soulsville, U.S.A.

Sections 7 and 8 create a new specialty earmarked license plate for Wingz of Love.

Sections 9 and 10 create a new specialty earmarked license plate for the Vanderbilt University Athletic Department.

Sections 11 and 12 create a new specialty earmarked license plate for the 2014 College World Series Champions – Vanderbilt University.

Sections 13 and 14 create a new specialty earmarked license plate for Tennessee residents who receive the Combat Action Badge, the Combat Infantry Badge, or the Combat Medical Badge.

Sections 15 and 16 create a new specialty earmarked license plate for the Make-A-Wish Foundation.

Section 17 authorizes the issuance of a Tennessee Association of Realtors specialty earmarked license plate for motorcycles.

Sections 18 and 19 create a new specialty earmarked license plate for the Rotary International.

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Section 20 extends until July 1, 2016, the timeframe for the new specialty earmarked license plate for the Native American Indian Association to meet the issuance requirement of 1,000 plates.

Sections 21 and 22 create a new specialty earmarked license plate for Scenic and Historic Gallatin.

Sections 23 and 24 create a new specialty earmarked license plate for Cystic Fibrosis Awareness.

Sections 25 and 26 create a new specialty earmarked license plate for the Germantown Charity Horse Show.

Sections 27 and 28 create a new specialty earmarked license plate for Supporters of the Blind and Visually Impaired.

Sections 29 and 30 create a new specialty earmarked license plate for Donate Life.

Sections 31 and 32 create a new specialty earmarked license plate for the Alzheimer's Association.

Sections 33 and 34 create a new specialty earmarked license plate for Friends of Sycamore Shoals Historic Area, Inc.

Section 35 extends until July 1, 2016, the timeframe for the new specialty earmarked license plate for the Niswonger Children's Hospital to meet the issuance requirement of 1,000 plates.

Section 36 extends until July 1, 2016, the timeframe for the new specialty earmarked license plate for Tennessee Tech University to meet the issuance requirement of 1,000 plates.

Sections 37 and 38 create a new specialty earmarked license plate for the Music City Inc. Foundation.

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

Increase State Revenue –

\$94,500/ General Fund/FY15-16

\$341,900/ Specialty Plate Organizations/FY15-16

\$273,500/Tennessee Arts Commission/FY15-16

\$68,400/Highway Fund/FY15-16

\$389,200/ Specialty Plate Organizations/FY16-17 and Subsequent Years

\$311,300/Tennessee Arts Commission/FY16-17 and Subsequent Years

\$77,800/Highway Fund/FY16-17 and Subsequent Years

Increase State Expenditures - \$94,500/General Fund/FY15-16

Assumptions for the bill as amended:

- Pursuant to Tenn. Code Ann. § 55-4-201(h)(1), new specialty earmarked license plates will be subject to a minimum order of at least 1,000 plates prior to initial issuance. Any plate that does not meet the minimum order requirement within one year after passage of the authorizing act will become invalid.
- One-time production costs of \$4.25 per license plate resulting in one-time expenditures of \$4,250 (1,000 x \$4.25).
- Section 17 authorizes the issuance of a Tennessee Association of Realtors specialty earmarked license plate for motorcycles.
- As of January 2015, there were 1,189 Tennessee Association of Realtors motor vehicle license plates registered with the Vehicle Services Division. The Department of Revenue assumes 20 percent (238) of these registrants own a motorcycle and would decide to obtain a specialty license plate.
- Two hundred thirty-eight plates will be purchased at \$35 each resulting in revenue of \$8,330 (238 plates x \$35 each) and one-time expenditures of \$1,011 (\$4.25 x 238 plates).
- It is assumed there will be an additional 22 license plates issued (19 new specialty earmarked license plates and 3 time extensions granted for issuance). The increase in state expenditures in FY15-16 for the production of all specialty earmarked license plates is estimated to be \$94,511 [$\$1,011 + (\$4,250 \times 22)$].
- The price for each specialty earmarked plate is \$35 resulting in revenue of \$35,000 (1,000 plates at \$35 each). The total increase in revenue generated by all license plates is \$778,330 [$\$8,330 + (\$35,000 \times 22 \text{ additional license plates})$].
- Net proceeds from the sale of these specialty marked license plates will be allocated as follows: 50 percent to the specialty plate organization; 40 percent to the Tennessee Arts Commission; and 10 percent to the state Highway Fund.
- For FY15-16, the increase in revenue to the General Fund is \$94,511; the increase in revenue to the specialty plate organizations is \$341,910 [$(\$778,330 - \$94,511) \times 50\%$]; the increase in revenue to the Tennessee Arts Commission is \$273,528 [$(\$778,330 - \$94,511) \times 40\%$]; and the increase in revenue to the state Highway Fund is \$68,382 [$(\$778,330 - \$94,511) \times 10\%$].
- For FY16-17 and subsequent years, the increase in revenue to the specialty plate organizations is \$389,165 ($\$778,330 \times 50\%$); the increase in revenue to the Tennessee Arts Commission is \$311,332 ($\$778,330 \times 40\%$); and the increase in revenue to the state Highway Fund is \$77,833 ($\$778,330 \times 10\%$).

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.



Jeffrey L. Spalding, Executive Director

/lsc